

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA
AND RECORD OF ACTION**

MARCH 16, 1999

**FROM: GARY PENROD, SHERIFF
SHERIFF'S DEPARTMENT**

**SUBJECT: EXECUTE LETTER FROM THE STATE OF CALIFORNIA, DEPARTMENT OF
MOTOR VEHICLES, TO OBTAIN AN INTEREST-FREE LOAN UNDER THE
PROVISIONS OF THE STATE BUDGET ACT.**

RECOMMENDATION:

Authorize Sheriff to execute letter from the State of California, Department of Motor Vehicles, to obtain an interest-free loan under the provisions of the State Budget Act (AB1656) to be paid out of the receipts from vehicle license fees.

BACKGROUND INFORMATION: On September 30, 1997, the State enacted SB720 adding Section 9250.19 to the Vehicle Code which provides that, upon request by a county, the Department of Motor Vehicles can, with certain exceptions, collect a \$1 fee from every motor vehicle registered within each County for the five-year period of January 1, 1998 through January 1, 2003. The funds collected shall be used for local programs to enhance law enforcement fingerprint identification. On October 28, 1997, the Board of Supervisors adopted a resolution implementing a \$1 registration assessment on vehicles registered in San Bernardino County.

The collection of this assessment by the State was scheduled to commence on January 1, 1998. Due to a delay in implementation by the State, funds have not yet been collected or allocated under this program. The State has extended the sunset date of the new assessment to five years after collection actually commences in order to prevent any loss of revenue to the counties. In an effort to aid counties that were depending upon this funding for FY 1998/99, the State has appropriated \$25 million for disbursement to eligible counties in the form of interest-free loans. The loans will be repaid within five years from the date that collection of the fee commences by withholding 1/20th of the loan amount from each quarterly payment to the County to coincide with the new sunset date for the assessment.

The five-year loan program from the State is not subject to the general prohibition against debt set forth in Cal. Const. Art. 16, sec 18, because the loan falls within the "special fund" exception. The loan will be repaid only from a special fund consisting of DMV registration fee revenue, and the County General Fund will not be responsible for any of the debt.

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On December 8, 1998, the Board of Supervisors authorized the Sheriff to obtain funding under this program, in the amount of \$1,095,090, to meet the payment obligations resulting from a \$4 million purchase of fingerprint identification equipment from NEC Technologies. The State has announced it has \$8 million remaining after the initial loans, and is re-issuing request for loans to eligible counties. The Sheriff's Department is requesting additional funding in the amount of \$1,000,000 to meet future payment obligations for FY 1999/2000 and FY 2000/2001 on the original NEC Technologies equipment purchase. Actual loan amount may vary based upon the number of requests received by the State.

REVIEW BY OTHERS: This action has been reviewed by the County Administrative Office and has been reviewed and approved as to form by Deputy County Counsel Kevin Norris.

FINANCIAL IMPACT: Repayment of the loan amount will be deducted from subsequent disbursements from the Department of Motor Vehicles over the next five years. Funding received under this program will be deposited into trust funds maintained by the Office of the Auditor/Controller-Recorder. No additional cost to the County.

SUPERVISORIAL DISTRICT(S): All Districts

PRESENTER: Sgt. Gary Eisenbeisz